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D.C. WOMAN PLEADS GUILTY TO CONSPIRACY AND RECEIPT OF MORE THAN $430,000 IN STOLEN FEDERAL RETIREMENT PAYMENTS

Greenbelt, Maryland – Allen F. Loucks, United States Attorney for the District of Maryland, announced that today Marjorie A. McGaha, age 61, of Washington, DC, entered guilty pleas before U.S. District Court Judge Peter J. Messitte in connection with receiving more than $430,000 in survivor's annuity payments stolen from the Civil Service Retirement Trust Fund. McGaha became the seventeenth – and final – person to plead guilty in connection with a six-year scheme that involved the payment of almost $4 million in fraudulent federal benefits.

McGaha pleaded guilty to conspiring with two former Office of Personnel Management employees who previously pleaded guilty – Agatha Malloy of Indian Head, Maryland and Anita Cary of Suitland, Maryland – to defraud the United States, receive stolen government funds, and pay bribes to government employees. McGaha also pleaded guilty to two counts of receiving stolen government funds at her bank account in Maryland. Judge Messitte scheduled sentencing for May 23, 2005 at 9:30 a.m.

According to the agreed statement of facts presented to the court, in March 1978 McGaha, then 34, entered into a common law marriage with a 78-year-old retired federal employee, who died less than five months later of cancer. McGaha sought an annuity as the survivor of a federal retiree but was not eligible under federal statutes and OPM rules because her common law husband never designated her as a beneficiary and because the common law marriage had lasted less than a year. McGaha repeatedly asked OPM to reconsider its ruling, but each time OPM determined that she was not eligible for a survivor's annuity. In mid-1997, McGaha discussed her situation with Malloy and Cary, who had already begun handing out benefits to ineligible individuals in exchange for a share of the funds. In July 1997, Malloy and Cary fraudulently gave McGaha a monthly survivor's annuity and gave her retroactive annuity payments dating back to 1978. Between late 1997 and late 2002, Malloy and Cary generated additional fraudulent lump sum payments. When the payments were credited to McGaha's account, she withdrew large quantities of cash and paid the money to Cary and Malloy. McGaha would request additional payments by asking Cary if "there was anything left in the cookie jar." Net payments to McGaha after withholding and payment of taxes totaled $430,312.02. She paid approximately $170,000 in kickbacks to Malloy and Cary.

McGaha faces a maximum sentence of five years for conspiracy and 10 years for receiving stolen government moneys. McGaha is scheduled to be sentenced on May 23, 2005. Malloy has been sentenced to 10 years imprisonment. Other defendants have received sentences ranging from 2 years imprisonment to probation, depending largely on the amount of funds each defendant fraudulently received. Cary has not yet been sentenced.

This case was investigated by the Federal Bureau of Investigation and OPM, Office of the Inspector General. The McGaha case was prosecuted by Assistant United States Attorneys Stuart A. Berman and Michael R. Pauzé. Assistant United States Attorney Barbara S. Skalla also participated in the investigation of McGaha and the prosecution of Malloy, Cary and others.